

## Fiscal Year 2016-17 First Quarter Financial Status Report

County of San Luis Obispo

### Introduction

In accordance with the Board's adopted policy related to ongoing budget administration, this First Quarter Financial Status Report provides an overview of the County's financial position at the end of the first quarter of Fiscal Year 2016-17. The first quarter timeframe is July 1 through September 30, 2016.

The report is divided into five sections:

- **Section 1** - an overview of the County's financial position at the end of the first quarter of FY 2016-17, as well as brief summaries of noteworthy departmental fiscal and operational issues;
- **Section 2** - an update on the Status of Funds, Contingencies and Reserves;
- **Section 3** - a listing of all personnel changes approved by the Board of Supervisors during the first quarter and reclassification requests;
- **Section 4** - miscellaneous financial items for the Board's consideration, such as requests from departments for acceptance of gift funds and donations, discharge of bad debt, various budget adjustments and surplus of aged Fleet vehicles; and
- **Section 5** - an update on the capital improvement and maintenance projects managed by Public Works, Airports, and Golf (See Attachment 3).

#### **Board Policy: Ongoing Budget Administration**

It shall be the responsibility of the County Administrative Officer to submit Quarterly Financial Status Reports to the Board of Supervisors. These reports shall provide a projection of expenditures and revenues, identifying projected variances. They may also include recommendations and proposed corrective actions which may include mid-year reductions.

## Section 1: Overview of Financial Position

The table below compares revenue and expenditure patterns for the first quarter of FY 2016-17 compared to the same period last year for All Funds and the General Fund. Revenue and expenditure patterns for the first quarter of this year are on par with the prior year. Revenue realized for All Funds in the first quarter is at 13% of budgeted levels, slightly higher than in the prior year of 8. This is due to a variety of factors including, timing differences from government aid, timing differences due to debt service payments, and the Public Facility Fee Fund realized 45% of budgeted revenue compared to 23% in the prior year reflecting a larger volume of high density residential dwellings as well as several major projects.

Section 2 of this report provides information on variations in revenue receipts by type compared to the prior year, as well as the status of contingencies and reserves and the status of revenues and expenditures compared to the budget for all fund centers.

**Table 1**

<b>Expense &amp; Revenue All Funds Comparison</b>		
	<b>First Quarter 2015-16</b>	<b>First Quarter 2016-17</b>
Expenditures	18%	21%
Revenue Realized	8%	13%
<b>Expense &amp; Revenue General Fund Comparison</b>		
	<b>First Quarter 2015-16</b>	<b>First Quarter 2016-17</b>
Expenditures	20%	22%
Revenue Realized	7%	8%

It is important to note that revenue realization rates are typically low in the first quarter due to the time lag involved in billing cycles and the receipt of reimbursements, and because some of the largest revenue sources--property taxes, for example--are historically realized near the end of the fiscal year.

Based on the evaluation of the financial information provided by departments for the first quarter, all departments report that they anticipate remaining within their budgeted General Fund level for the year. A status report on Golf and Airports is included below, consistent with prior quarterly reports.

**Department:** Golf  
**Fund Center:** 427  
**Issue:** Expected decline in revenue at Dairy Creek Golf Course  
**Potential Impact to General Fund:** \$47,125

As an enterprise fund, Golf relies on the revenues generated by the County's three golf courses (Dairy Creek Golf Course, Chalk Mountain Golf Course and Morro Bay Golf Course) to fund its operational and capital expenses. The number of rounds played is a key indicator of Golf's fiscal health and outlook.

As of the end of the first quarter, Golf is projecting a year-end deficit of \$474,356, which is \$7,125 more than what was anticipated in the FY 2016-17 Proposed Budget. This shortfall is primarily due to a decline in revenue from Dairy Creek Golf Course from the lack of available

irrigation water. As of the end of the first quarter, the total number of rounds played decreased by 2.7% (840 rounds) compared to the first quarter of FY 2015-16. In order to ensure that operations can be sustained until permanent changes can be made and to ensure that the Golf program can make its debt payments, the Board of Supervisors approved “a subsidy of as much below \$485,000 a year as feasible,” according to a motion passed on May 17, 2016. As part of the update to the Board on October 4, 2016, the Parks and Recreation Department presented a plan that would keep a cash balance for Golf no lower than \$300,000. If, at the end of the third quarter of each fiscal year, it is projected that a deficit would deplete the cash balance below \$300,000, a request will be made to make up the difference with General Fund contingencies.

As of September 30, 2016, Golf has a cash balance of \$727,229. With the currently projected deficit of \$474,356, this would leave a remaining cash balance of \$252,873. Therefore, \$47,127 would be needed from General Fund contingencies if the projected deficit held steady. The status of the deficit will be reported in the next two quarters, with any adjustment needed requested in the third quarter.

**Department:** Airports  
**Fund Center:** 425  
**Issue:** Budget status and enplanement levels  
**Impact to General Fund:** None

As an enterprise fund, Airports relies on the revenues generated by the San Luis Obispo County Regional Airport and Oceano Airport to fund operations and capital expenses. Revenue from passenger enplanements on commercial air carriers is a key indicator of the Airports’ fiscal

health and outlook. For this reason Quarterly Financial Status Reports include regular updates on the status of the Airports’ budget with an emphasis on the number of passenger enplanements.

Airports experienced positive enplanement growth in FY 2015-16, ending the year with a 4.1% increase over last fiscal year. Two flights were added in September of 2015, which increased service to Los Angeles (LAX), and San Francisco (SFO). In February of 2016, a single flight to Phoenix (PHX) was added. This increased activity has resulted in greater fee revenue related to landing, fuel, and parking. With Alaska Airlines planned to commence operations in April of 2017, continued growth in the next fiscal year is expected.

Airports is projecting a year-end operating deficit of \$235,520, as of the end of the first quarter. This compares favorably with the budgeted operating deficit going into FY 2016-17 of \$377,616. The variance of \$142,096 is primarily due to the additional flight added in February, mentioned above. The new additional flight scheduled by Alaska Airlines in mid-April of 2017 should further improve the outlook for the fiscal year. The capital side of the budget will fluctuate in accordance with activity from the new SLO Regional Airport terminal project, depending on the timing of reimbursements, transfers in from other funding sources, and capital outlay expenses.

The following table shows enplanement numbers from FY 2007-08 to present, along with annual percentage change in enplanements. As shown, there was a very significant increase (22%) in first quarter enplanements of FY 2016-17 over the same quarter of last fiscal year, and the most enplanements in any single quarter since 2007-08. This is due to the additional flight frequencies mentioned above.

**Table 2. San Luis Obispo County Regional Airport – Enplanement Levels**

<b>Fiscal Year</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Cumulative</b>	<b>% Change</b>
2007-08	51,343	48,784	38,794	43,364	182,285	
2008-09	42,697	32,566	26,866	30,619	132,748	-27%
2009-10	32,968	30,873	27,645	33,666	125,152	-6%
2010-11	36,301	36,128	30,496	36,984	139,909	11%
2011-12	35,631	34,493	30,185	33,935	134,244	-4%
2012-13	35,457	31,850	30,354	34,654	132,315	-1%
2013-14	36,753	36,224	34,528	39,600	147,105	11.2%
2014-15	40,345	38,356	35,567	35,290	149,558	1.7%
2015-16	35,617	40,295	36,546	43,286	155,744	4.1%
2016-17	43,414	TBD	TBD	TBD	TBD	22.0%*

\* Note: Percent increase is the difference between the first quarters of FY 2015-16 and 2016-17.

## Section 2: Status of Funds, Contingencies and Reserves

### I. GENERAL:

The Auditor-Controller-Treasurer-Tax Collector-Public Administrator's Office has prepared the following Schedules that are attached following this narrative.

- Schedule 1: Comparative Statement of County Funds - Revenue Status
- Schedule 2: Comparative Statement of Contingencies and Reserves
- Schedule 3: Revenues and Expenditures by Functional Area

Schedules 1 and 2 are the focus of the following discussion. Generally, specific comments are limited to material deviations from the prior year or what would appear to be normal performance. Schedule 3 is for information only.

### II. SCHEDULE 1: Comparative Statement of County Funds – Revenue Status

#### A. Summary

Total budgeted revenues for all funds are \$596.3 million. At the end of the first quarter, \$78.3 million or 13% of estimated revenues were realized, compared to 8% in the prior year. Taxes and government aid do not follow even monthly flows.

#### B. Specific Comments – Revenue Status by Type

Taxes- Other: The amount realized in the current year is 15% of budget compared to 10% in the prior year. A large amount of Tax Loss Reserve Fund (TLRF) revenue, \$2.05 million, was transferred from the TLRF Trust to the Pension Obligation Bond Fund to be designated as debt service for a large payment that is coming due in Fiscal Year 2020. The total of the budgeted amount was recognized in the first quarter, which skewed the percentage of recognized revenue.

Fines, Forfeitures and Penalties: The amount realized is 12% compared to last year's realization rate of 8%. This is a timing difference due to revenue transferred into the Debt Service Fund. That transfer was made in October 2015.

Revenue – Money and Property Use: Realized revenue in this class is 14% compared to the 34% realization rate in the prior year. The General Fund interest revenue in the prior fiscal year included \$580,000 received from the State Controller's Office for interest earned on prior years unpaid Mandated Program reimbursements (SB90). The average rate of return for the first quarter in the current year was .6427%, compared to .5579% in the same period last year.

Other Revenues: The amount realized in the current year is 41% of budget compared to 16% in the prior year. A large amount of Teeter Fund revenue, \$7.67 million, was transferred from the Trust to the Pension Obligation Bond Fund to be designated as debt service for a large payment that is coming due in Fiscal Year 2020. The total of the budgeted amount was recognized in the first quarter, which skewed the percentage of recognized revenue.

Other Financing Sources: The amount realized in the current year is 39% of budget compared to 21% in the prior year. The General Fund transferred \$9.69 million to the Pension Obligation Bond Fund to be designated as debt service for a large payment that is coming due in Fiscal Year 2020. The total of the budgeted amount was recognized in the first quarter, which skewed the percentage of recognized revenue.

## **C. Specific Comments – Revenue by Fund**

Community Development Fund: This fund recognized 10% of revenues through the first quarter compared to 5% in the prior year. This is mainly a timing issue as government aid does not follow even monthly flows, but is recognized as projects progress and revenue is claimed.

Public Facility Fees: The Public Facility Fee Fund realized 45% of budgeted revenue in the current fiscal year, compared to 23% in the prior year. The increase reflects a larger volume of high density residential dwellings as well as several major projects.

Debt Service Fund-Certificates of Participation: This fund's revenue through the first quarter was 62% in the current year to date compared to 0% in the prior year. The difference from the prior year is one of timing as this fund is reimbursed as debt service payments are made.

Pension Obligation Bond Debt Service Fund: This fund received large amounts of TLRP, Teeter, and Transfers-In from General Fund during the first quarter, see discussions under the Revenue From Taxes-Other, Other Revenue, and Other Financing Sources above. This fund did not record a budget adjustment which skewed the realized revenue percentage to 209% in comparison to 24% in the prior year.

## **SCHEDULE 2: Comparative Statement of Contingencies and Reserves**

### **A. Contingencies**

No changes were made to contingency balances during the quarter.

The General Fund contingency balance at the end of the quarter was \$23,319,136.

### **B. General Reserves**

The Government Code provides that General Reserves may not be used during the operating year unless the Board of Supervisors deems that there is a state of emergency. Since no emergency has existed to date, all balances of reserves are as adopted.

### **C. Designations and Other Reserves**

The Board of Supervisors may choose to designate portions of available funding for a specific future purpose. Such designations reflect tentative plans, which are subject to change. It is this flexibility that distinguishes designations from reserves. Changes to Designations and Other Reserves during the first quarter were as follows:

(\$9,688,657) General Fund: A decrease in the 2020 POB Designation to provide appropriation for a transfer to the Pension Obligation Bond Fund.

(\$203,000) Capital Projects Fund: Transfer from the Facilities Planning Designation to fund an appropriation increase for the Women's Jail Replacement Project.

(\$269,558) Public Facilities Fees Fund: Transfer from the Library Reserve to fund appropriations for the San Luis Obispo Library Renovation Project.

(\$204,410) Library Fund: Transfer from the Facilities Planning Designation to fund appropriations for the San Luis Obispo Library Renovation Project.

\$19,411,151 Pension Obligation Bond Debt Service Fund: An increase in the POB Debt Service Designation to be used to make a large payment coming due in Fiscal Year 2020.

### **III. Schedule of Appropriation Transfers under the Auditor-Controller's Authority**

By resolution the Board of Supervisors authorized the Auditor-Controller to approve appropriation transfers between all object levels within the same budget unit. The resolution also directed that such transfers be reported to the Board on a quarterly basis.

\$6,911 Board of Supervisors: Transferred appropriations between Significant Value Purchases and Capital Outlay-Equipment.

\$70,000 Road Fund: Transferred appropriations between projects in the Capital Outlay account.

\$4,479 Probation: Transferred appropriations between Computer Supplies and Capital Outlay-Equipment.

\$15,913 Road Fund: Transferred appropriations between projects in the Capital Outlay account.

\$310 Probation: Transferred appropriations between Computer Supplies and Capital Outlay-Equipment.

\$311 Maintenance Projects: Transferred appropriations between Parks Maintenance Projects.

COMPARATIVE STATEMENT OF COUNTY FUNDS- REVENUE STATUS  
For the Three Month Period Ended September 30, 2016 and 2015

Revenue Status by Class	2016-17	Amount		2015-16	Amount	
	Amount	Realized		Amount	Realized	
	Budgeted	09/30/16		Budgeted	09/30/15	
TAXES - CURRENT PROPERTY	\$ 126,215,548	\$ 3,879,145	3 %	\$ 118,275,411	\$ 357,944	0 %
TAXES - OTHER THAN CURRENT PROPERTY	58,787,904	8,846,622	15 %	54,415,553	5,647,457	10 %
LICENSES AND PERMITS	10,057,420	2,204,638	22 %	9,603,680	1,974,752	21 %
FINES, FORFEITURES AND PENALTIES	5,552,345	665,658	12 %	5,612,468	423,798	8 %
REVENUE - MONEY AND PROPERTY USE	2,300,264	333,475**	14 %	1,934,293	660,852	34 %
AID FROM GOVERNMENT AGENCIES	280,327,067	23,303,366	8 %	297,231,237	20,548,244	7 %
CHARGES FOR CURRENT SERVICES	31,032,077	6,891,942	22 %	30,787,189	5,570,326	18 %
OTHER REVENUES	32,909,424	13,516,612	41 %	29,645,703	4,852,664	16 %
OTHER FINANCING SOURCES	49,216,904	18,960,616	39 %	50,886,690	10,697,114	21 %
TOTAL REVENUES	<u>\$ 596,398,953</u>	<u>\$ 78,602,074</u>	<u>13 %</u>	<u>\$ 598,392,224</u>	<u>\$ 50,733,151</u>	<u>8 %</u>

Revenue Status by Fund	2016-17	Amount		2015-16	Amount	
	Amount	Realized		Amount	Realized	
	Budgeted	09/30/16		Budgeted	09/30/15	
1000000000 General Fund	\$ 467,860,558	\$ 39,380,636**	8 %	\$ 440,378,233	\$ 30,369,300	7 %
1100000000 Capital Projects	20,324,053	2,091,202**	10 %	42,856,040	5,003,813	12 %
1200000000 Road Fund	49,837,898	5,261,800	11 %	55,453,936	5,447,209	10 %
1200500000 Community Devel Pgm	8,916,942	878,672	10 %	8,626,522	459,747	5 %
1201000000 Public Facility Fees	1,851,815	827,476	45 %	1,851,815	430,514	23 %
1201500000 Parks	10,037,873	2,296,340	23 %	10,132,217	2,412,401	24 %
1202000000 Co-Wide Automation Replacement	3,676,676	784,596	21 %	6,933,343	1,294,135	19 %
1202500000 Gen Gov Building Replacement	6,602,498	1,155,748	18 %	6,922,773	1,652,719	24 %
1203500000 Impact Fee-Traffic	0	983,376	%	0	188,455	%
1204000000 Wildlife And Grazing	3,608	0	0 %	3,548	0	0 %
1204500000 Driving Under the Influence	1,375,356	295,895	22 %	1,341,158	300,358	22 %
1205000000 Library	9,652,918	472,338	5 %	8,793,807	280,075	3 %
1205500000 Fish And Game	20,000	1,345	7 %	20,000	3,014	15 %
1206000000 Organizational Development	1,088,393	270,662	25 %	612,039	151,210	25 %
1206500000 Medically Indigent Services Progra	1,543,018	156,643	10 %	1,493,222	155,204	10 %
1207000000 Emergency Med Svcs	851,000	133,443	16 %	846,000	140,386	17 %
1208000000 Debt Service-Cert of Participation	2,091,847	1,291,934	62 %	2,090,151	0	0 %
1801000000 Pension Obligation Bond DSF	10,664,500	22,319,968	209 %	10,037,420	2,444,611	24 %
TOTAL REVENUES	<u>\$ 596,398,953</u>	<u>\$ 78,602,074</u>	<u>13 %</u>	<u>\$ 598,392,224</u>	<u>\$ 50,733,151</u>	<u>8 %</u>

\*\*Includes first quarter interest revenue:

General Fund               \$189,542

Capital Projects Fund   \$ 29,955



COMPARATIVE STATEMENT OF CONTINGENCIES AND RESERVES  
By Fund as of September 30, 2016

	2015-16 Final Budget	2016-17 Final Budget	As of 09/30/16	2016-17 Increase (Decrease)
<u>Contingencies</u>				
General Fund	\$ 21,678,095	\$ 23,391,046	\$ 23,391,046	\$ 0
Community Devel Pgm	40,148	27,428	27,428	0
Parks	200,000	200,000	200,000	0
Driving Under the Influence	25,000	55,194	55,194	0
Library	470,821	495,699	495,699	0
<u>TOTAL CONTINGENCIES</u>	<u>\$ 22,414,064</u>	<u>\$ 24,169,367</u>	<u>\$ 24,169,367</u>	<u>\$ 0</u>
	2015-16 Final Budget	2016-17 Final Budget	As of 09/30/16	2016-17 Increase (Decrease)
<u>Designations and Other Reserves</u>				
General Fund				
Co. Fire Equip. Replace	\$ 550,253	\$ 948,886	\$ 948,886	\$ 0
Designated FB-2020 POB	9,688,657	9,688,657	0	(9,688,657)
General Reserve	9,000,000	13,000,000	13,000,000	0
Internal Financing	1,688,990	2,136,984	2,136,984	0
Prop 172 Solar	6,319,832	6,319,832	6,319,832	0
Solar Plant Mitigation	14,951,940	15,275,601	15,275,601	0
Capital Projects				
Facilities Planning	11,944,273	13,944,273	13,741,273	(203,000)
New Govt Buildin Rep	1,986,400	1,986,400	1,986,400	0
Solar/Energy Projects	1,199,787	0	0	0
Road Fund				
Future Road Projects	1,979,505	1,208,885	1,208,885	0
Maria Vista Estates	641,299	591,579	591,579	0
N. River Mine Reserve	83,000	83,000	83,000	0
Public Facility Fees				
Reserve for County Fire	3,880,745	4,709,153	4,709,153	0
Reserve for General Gov't	432,601	299,055	299,055	0
Reserve for Law Enforcmnt	1,188,581	1,394,700	1,394,700	0
Reserve for Library	217,404	447,137	177,579	(269,558)
Reserve for Parks	1,396,649	1,941,140	1,941,140	0
Parks				
Lopez Park's Projects	490,500	540,500	540,500	0
Parks Projects	1,189,537	1,429,313	1,429,313	0
Co-Wide Automation Replacement				
Automation Replacement	14,029,255	14,210,515	14,210,515	0
Budget System Developm	770,274	0	0	0
Gen Gov Building Replacement				
Gov. Building Rpl	28,931,442	35,627,752	35,627,752	0
Library - Cambria	845,539	1,698,552	1,698,552	0

	2015-16	2016-17		2016-17
	Final	Final	As of	Increase
Designations and Other Reserves	Budget	Budget	09/30/16	(Decrease)
Tax Reduction Resrv				
Desig-Airport Terminal	0	11,687,490	11,687,490	0
Desig-Prop Tax Litigation	797,952	797,952	797,952	0
Tax Reduction Reserves	17,459,144	5,845,201	5,845,201	0
Impact Fee-Traffic				
Improvement Fees	4,109,323	5,545,488	5,545,488	0
Road Improvement Fees	0	0	0	0
Wildlife And Grazing				
General Reserve	4,671	4,671	4,671	0
Wildlife Projects	14,907	15,085	15,085	0
Driving Under the Influence				
General Reserve	95,000	159,187	159,187	0
Systems Development	393,359	393,359	393,359	0
Library				
Atascadero Building Expan	44,337	44,337	44,337	0
Facilities Planning	1,854,035	1,968,206	1,763,796	(204,410)
General Reserve	49,690	49,690	49,690	0
Library-Cambria	311,896	0	0	0
Fish And Game				
Environmental Settlemt	4,513	4,513	4,513	0
Fish and Game Projects	111,400	128,082	128,082	0
General Reserve	54,583	51,868	51,868	0
Organizational Development				
Countywide Training	1,564,826	1,822,080	1,822,080	0
General Reserve	496,042	496,042	496,042	0
Debt Service-Cert of Participation				
Loan Payment Reserve	83	83	83	0
Pension Obligation Bond DSF				
Desig - POB Debt Service	9,760,771	10,949,526	30,360,677	19,411,151
TOTAL DESIGNATIONS AND RESERVES	<u>\$ 150,532,995</u>	<u>\$ 167,444,774</u>	<u>\$ 176,490,300</u>	<u>\$ 9,045,526</u>

REVENUES AND EXPENDITURES BY FUNCTIONAL AREA  
For the Three Month Period Ended September 30, 2016

Budget Units by Functional Area		2016-17 Budgeted Expenditures	Amount Expended 9/30/2016	%	2016-17 Budgeted Revenues	Amount Realized 9/30/2016	%
<b>General Government</b>							
100	BOARD OF SUPERVISORS	\$ 1,738,772	\$ 397,954	23%	\$0	\$0	0%
101	NON-DEPT REVENUE	-	-	0%	182,802,945	10,730,495	6%
103	NON-DEP OTHER EXPENDITURES	425,100	218,839	51%	71,000	(37,887)	(53)%
104	ADIMINISTRATIVE OFFICE	2,076,465	446,514	22%	146,825	59,336	40%
105	RISK MANAGEMENT	1,763,751	793,075	45%	1,083,514	293,400	27%
107	AUDITOR-CONTROLLER	5,446,689	1,202,110	22%	928,020	170,271	18%
108	TREASURER-TAX COLLECTOR	2,912,224	582,988	20%	1,222,717	245,187	20%
109	ASSESSOR	10,142,101	2,028,060	20%	207,979	22,008	11%
110	CLERK	3,425,468	970,067	28%	2,971,059	699,294	24%
111	COUNTY COUNSEL	4,749,571	867,039	18%	153,500	4,459	3%
112	HUMAN RESOURCES	3,770,254	749,642	20%	178,086	22,166	12%
113	FACILITIES MANAGEMENT	6,102,882	1,193,836	20%	1,522,718	377,907	25%
114	INFORMATION TECHNOLOGY DEPARTMENT	11,663,363	3,049,376	26%	2,095,201	554,808	26%
116	CENTRAL SERVICES	3,849,946	1,007,697	26%	745,452	217,388	29%
201	PUBLIC WORKS SPECIAL SERVICES	7,276,860	518,910	7%	5,501,660	144,902	3%
266	COUNTY WIDE AUTOMATION SERVICES	6,985,540	540,787	8%	3,676,676	784,596	21%
267	GENERAL GOVERNMENT BUILDING REPLACEMENT	1,348,794	-	0%	6,602,498	1,155,748	18%
268	TAX REDUCTION RESERVE	349,634	-	0%	-	-	0%
275	ORGANIZATIONAL MANAGEMENT	993,218	158,152	16%	1,088,393	270,662	25%
290	COMMUNITY DEVELOPMENT	8,916,942	232,827	3%	8,916,942	878,672	10%
<b>TOTAL</b>		<b>\$ 83,937,574</b>	<b>\$14,957,873</b>	<b>18%</b>	<b>\$219,915,185</b>	<b>\$ 16,593,412</b>	<b>8%</b>
<b>Public Protection</b>							
130	WASTE MANAGEMENT	\$ 1,330,279	\$ 149,779	11%	\$ 28,784	\$ 650	2%
131	GRAND JURY	134,533	22,295	17%	0	0	0%
132	DISTRICT ATTORNEY	15,675,040	3,395,468	22%	6,217,584	744,552	12%
134	CHILD SUPPORT SERVICES	4,490,562	975,553	22%	4,490,562	524,941	12%
135	PUBLIC DEFENDER	6,619,935	1,586,829	24%	568,511	84,802	15%
136	SHERIFF-CORONER	71,719,637	17,020,108	24%	30,611,448	3,171,803	10%
137	ANIMAL SERVICES	2,747,255	595,429	22%	1,933,431	442,438	23%
138	EMERGENCY SERVICES	1,824,718	289,191	16%	1,555,731	244,414	16%
139	PROBATION	21,617,966	4,616,396	21%	11,175,077	1,253,453	11%
140	COUNTY FIRE	23,920,294	728,071	3%	7,288,620	1,079,666	15%

141	AGRICULTURAL COMMISSIONER	5,740,009	1,317,253	23%	3,148,839	223,326	7%
142	PLANNING & BUILDING	16,806,060	3,031,912	18%	7,648,133	1,999,698	26%
143	COURT OPERATIONS	2,426,973	571,004	24%	2,988,959	180,570	6%
330	WILDLIFE AND GRAZING	3,608	32	1%	3,608	0	0%
331	FISH AND GAME	22,715	179	1%	20,000	1,345	7%
TOTAL		\$175,079,584	\$34,299,499	20%	\$ 77,679,287	\$ 9,951,658	13%

#### Public Ways and Facilities

245	ROADS	\$ 54,850,467	\$ 6,769,992	12%	\$ 49,837,898	\$ 5,261,800	11%
247	PUBLIC FACILITY FEES	5,605,846	240,903	4%	1,851,815	827,476	45%
248	ROADS IMPACT FEES	2,761,536	71,201	3%	0	983,376	0%
TOTAL		\$ 63,217,849	\$ 7,082,096	11%	\$ 51,689,713	\$ 7,072,652	14%

#### Health and Sanitation

160	PUBLIC HEALTH	\$ 28,859,908	\$ 4,874,418	17%	\$ 22,113,011	\$ 1,772,634	8%
166	BEHAVIORAL HEALTH	66,655,536	13,449,811	20%	55,124,340	6,375,148	12%
TOTAL		\$ 95,515,444	\$18,324,229	19%	\$ 77,237,351	\$ 8,147,782	11%

#### Public Assistance

106	CONTRIBUTIONS TO OTHER AGENCIES	\$ 2,003,432	\$ 1,503,574	75%	\$ 379,000	\$0	0%
180	SOCIAL SERVICES ADMIN	76,589,274	16,892,984	22%	70,664,036	983,521	1%
181	FOSTER CARE-SOCIAL SERVICES	24,185,811	5,695,633	24%	23,068,106	4,134,835	18%
182	CALWORKS	12,815,910	2,693,172	21%	12,498,141	1,763,687	14%
184	LAW ENFORCEMENT MEDICAL CARE	4,209,939	898,537	21%	1,585,480	89,551	6%
185	GENERAL ASSISTANCE	1,231,162	283,486	23%	286,428	66,927	23%
186	VETERANS SERVICES	887,440	140,162	16%	133,343	27,857	21%
350	MEDICALLY INDIGENT SERVICES	2,319,785	358,410	15%	1,543,018	156,643	10%
351	EMERGENCY MEDICAL SERVICES PROGRAM	1,206,350	388,480	32%	851,000	133,443	16%
TOTAL		\$125,449,103	\$28,854,438	23%	\$111,008,552	\$ 7,356,464	7%

#### Education

215	FARM ADVISOR	\$ 567,024	\$ 100,219	18%	\$ 13,787	\$ 2,244	16%
375	DRUG AND ALCOHOL SERVICES	1,281,419	305,035	24%	1,375,356	295,895	22%
377	LIBRARY	10,551,544	2,112,988	20%	9,652,918	472,338	5%
TOTAL		\$ 12,399,987	\$ 2,518,242	20%	\$ 11,042,061	\$ 770,477	7%
305	PARKS AND RECREATION-Total	\$ 10,487,414	\$ 2,355,345	22%	\$ 10,037,873	\$ 2,296,340	23%

#### Debt Service

277	DEBT SERVICE	\$ 2,102,367	\$ 1,291,935	61%	\$ 2,091,847	\$ 1,291,934	62%
392	PENSION OBLIGATION BOND DSF	10,140,636	8,365,771	82%	10,664,500	22,319,968	209%
TOTAL		\$ 12,243,003	\$ 9,657,706	79%	\$ 12,756,347	\$ 23,611,902	185%

102	NON-DEPT OTHR FINCNG USE-TOTAL	\$ 24,260,971	\$15,705,678	65%	2,518,539	\$ 689,960	27%
200	MAINTENANCE PROJECTS	\$ 17,098,345	\$ 1,440,260	8%	\$ 2,189,992	\$ 20,225	1%
230	CAPITAL PROJECTS FUND	27,578,544	1,656,832	6%	20,324,053	2,091,202	10%
TOTAL		\$ 44,676,889	\$ 3,097,092	7%	\$ 22,514,045	\$ 2,111,427	9%
COUNTY TOTAL		\$647,267,818	\$136,852,198	21%	\$596,398,953	\$ 78,602,074	13%
GENERAL FUND TOTAL		\$499,761,466	\$112,003,330	22%	\$467,860,558	\$ 39,380,636	8%

### Section 3: Position Changes

During the first quarter, July 1, 2016 through September 30, 2016, the following position allocation changes were approved by the Board of Supervisors. Also include in this section are administrative changes approved by the Human Resources (HR) Director under the authority of the Board, current vacancy statistics, and reclassification requests based on position studies performed by HR.

#### **POSITION ALLOCATION CHANGES MADE BY THE BOARD OF SUPERVISORS:**

##### **Fund Center 160 – Public Health - Allocation Changes Approved 7/12/16**

Delete 1.00 FTE – 02203 Administrative Assistant Aide, I, II, or III

Add 1.00 FTE – 08892 Administrative Services Officer I, or II

##### **Fund Center 186 – Veterans Services - Allocation Change Approved 7/12/16**

Delete 1.00 FTE – 00866 Assistant Veterans Service Officer II - Limited Term

##### **Fund Center 305 – Parks and Recreation - Allocation Change Approved 7/19/16**

Add 1.00 FTE – 00395 Assistant Director of Parks & Recreation

##### **Fund Center 405 – Public Works - Allocation Change Approved 7/19/16**

Add 1.00 FTE – 09692 Wastewater Systems Superintendent

##### **Fund Center 180 – Social Services - Allocation Change Approved 7/26/16**

Delete 16.00 FTE – 00427 Community Service Aide

Add 16.00 FTE – 01511 Social Worker Aide I, II, or III

##### **Fund Center 160 – Public Health – Allocation Change Approved 7/26/16**

Add 0.75 FTE – 01347 Public Health Nutritionist I/II – Limited Term

##### **Fund Center 166 – Behavioral Health - Allocation Change Approved 8/9/16**

Add 1.00 FTE – 00907 Accountant I, II, or III

Add 6.00 FTE – 02203 Administrative Assistant Aide, I, II, or III

Add 2.00 FTE – 08892 Administrative Services Officer I, or II

Add 3.00 FTE – 08623 Drug & Alcohol Services Specialist I, II, III, or IV

Add 1.00 FTE – 08608 Drug & Alcohol Worker Aide, I, or II

Add 1.00 FTE – 08608 Drug & Alcohol Worker Aide, I, or II – ½ time

Add 1.00 FTE – 00562 Health Information Technician I, II or III

Add 0.50 FTE – 00562 Health Information Technician I, II or III – ½ time

Add 2.00 FTE – 00461 Licensed Psychiatric Technician/  
Licensed Vocational Nurse I, II, or III

Add 1.00 FTE – 08525 Mental Health Program Supervisor

Add 8.00 FTE – 08526 Mental Health Therapist I, II, III, or IV

##### **Fund Center 160 – Public Health - Allocation Change Approved 9/13/16 (Reclassification)**

Delete 1.00 FTE – 00927 Supervising Admin Clerk I

Add 1.00 FTE – 01584 Program Manager I or II

**Fund Center 377 – Library - Allocation Change Approved 9/13/16 (Reclassification)**

Delete 1.00 FTE – 08892 Administrative Services Officer I or II

Add 1.00 FTE – 01584 Program Manager I or II

**SUMMARY OF POSITION ALLOCATION CHANGES**

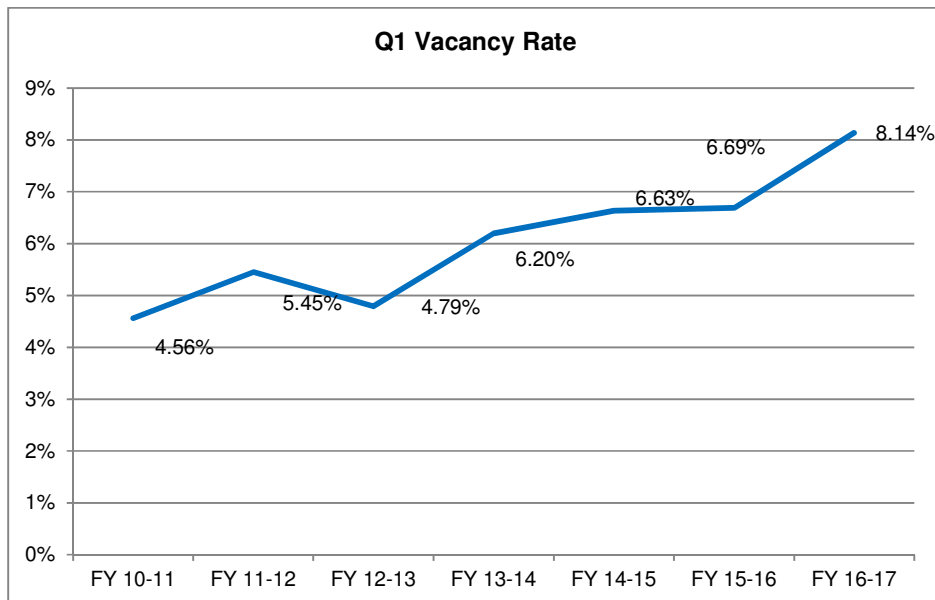
FY 16-17	Q1	Q2	Q3	Q4
Quarter Start	2,710.50			
FTE Additions	48.25			
FTE Deletions	20.00			
Quarter End	2,738.75			
Net Change	+28.25			
% Change	+1.04%			

**ADMINISTRATIVE CHANGES MADE BY THE HUMAN RESOURCES DEPARTMENT:**

No administrative changes to report for this quarter.

**EMPLOYEE VACANCY RATE**

The County employee vacancy rate at the end of the first quarter was 8.14%. This equates to 223 vacant positions. As shown in the chart below, the first quarter vacancy rate (8.14%) was higher by 1.45% in comparison to the first quarter FY 2015-16 vacancy rate (6.69%) and higher than the six year average (6.07%). This includes 26.50 FTE positions approved by the Board on August 9, 2016 for the Drug Medi-Cal Organized Delivery System that were vacant as of the end of the first quarter.



## **RECLASSIFICATION REQUESTS**

The Human Resources Department oversees the County's Classification Plan pursuant to Civil Service Commission Rule 5. At times, changes in regulations, business requirements, etc. may result in significant change to duties assigned to individual positions. These may include changes to level of complexity, decision-making authority, and/or scope of the work to be performed. When an employee, department or labor union believes the duties they are permanently assigned outside the scope of their position, a reclassification process may be initiated.

This process involves a series of steps that may result in HR performing a position study. Based on the study results, HR may determine that the employee is in the correct job classification and that no change is required; that the duties performed more accurately fit a different, existing classification; or that a new classification should be created. Any resulting reclassification recommendations are brought to the Board in the first or fourth quarter financial status reports or as part of the recommended budget.

During the first quarter, the Human Resources Department completed three position studies which resulted in a recommendation to reclassify the incumbents. HR is therefore requesting that the Board of Supervisors approve a resolution amending the Position Allocation List (PAL) for FC 180 – Department of Social Services and FC 160 - Public Health, to reflect changes in the classification of three positions (a PAL change resolution is included as Attachment 4). The current FY 2016-17 cost associated with these three reclassifications is approximately \$39,801. The cost of the PAL changes was not included in the FY 2016-17 and the departments expect to absorb the cost increases using salary savings due to staff vacancies. The annualized cost associated with these three reclassifications is approximately \$68,229 and will be included as part of the department's FY 2017-18 requested budget.

<b>Department</b>	<b>Existing Classification</b>	<b>Findings</b>	<b>HR Department Recommendation</b>
Department of Social Services	Program Manager II	Reclassification	Administrative Services Manager
Health Agency	Sr. Account Clerk	Reclassification	Accounting Technician
Health Agency	Program Manager II	Reclassification	Division Manager – Health Agency

Any additional studies concluded in FY 2016-17 that result in reclassification will be included in the fourth quarter financial status report or the FY 2017-18 Proposed Budget.



## Section 4: Miscellaneous Financial Issues

### Acceptance of Donated Gift Funds:

Donations made by individuals and community organizations are accepted by the Board and appropriated into the proper departmental budgets on an as needed basis. These donations are used to enhance programs and meet special needs throughout the County. It is recommended that the Board accept donations totaling \$150,292.99 on behalf of the following County departments, as noted below:

- **FC 132 – District Attorney**
  - Request to accept a cash donation in the amount of \$2,121 from the Adult Abuse Prevention Council (AAPC) on behalf of FC 132 – District Attorney be used for completing a First Responder Video Project.
- **FC 137 – Animal Services**
  - Request to accept cash donations in the amount of \$20,969 on behalf of FC 137-Animal Services.
- **FC 180 – Social Services**
  - Request to accept cash donations in the amount of \$618 and authorize a budget adjustment to appropriate the gift funds in FC 180 - Social Services operating budget.
- **FC 377 – Library**
  - Request to accept Friends of the Cambria Library cash donations in the amount of \$34,673 and authorize a budget adjustment to appropriate the gift funds in FC 377 - Library operation budget and FC 200 – Maintenance Projects.
  - Request to accept cash donations in the amount of \$81,911.99 and authorize a budget adjustment to appropriate the gift funds in FC 377 - Library operating budget.

Memos from each department are included in Attachment 2.

### Discharge of Bad Debt:

Requests to discharge bad debt are presented to the Board in accordance with Government Code requirements. The action relieves the requesting department from active pursuit of receivables, but does not release the responsible parties from the debt owed. Requests to discharge bad debt are only submitted to the Board for action after an extensive investigation has taken place and the department has reached the conclusion that the debt will not be collected. If a department's collection efforts are unsuccessful, cases are often turned over to the County's contract collection agency. The Department of Social Services is requesting Relief of Accountability in the amount of \$14,681.42 for uncollectable debt for the CalWORKs, CalFresh, and General Assistance debts.

A memo from the Department of Social Services is included in Attachment 2.

**Miscellaneous:**

The following requests have been submitted to the Board for consideration.

- **FC 200 – Maintenance Projects**
  - Request to approve a budget adjustment to FC 200 – Maintenance Projects in the amount of \$500,000 using the General Government Building Designation in the General Government Replacement Fund as the financing source for seismic assessment of County facilities.
- **FC 266 – Countywide Automation**
  - Request to amend the Fixed Asset List for FC 266 – Countywide Automation to include the replacement of four, out-of-support MIII transceiver units for the County's radio communications system in the amount of \$28,000.
- **FC 377 – Library**
  - Request to approve a budget adjustment to FC 377 – Library in the amount of \$14,582.32 using the Library's Atascadero Building Expansion Designation as the financing source to reimburse the Library Department for Atascadero Library related costs.

Memos from each of the requesting departments are included in Attachment 2.

**Surplus Vehicles:**

Requests to declare County vehicles surplus and authorize their disposal are presented to the Board for consideration. County Code Section 2.36.030(5) provides the authority to sell, destroy or otherwise dispose of any personal property belonging to the County and found by the Board of Supervisors not to be required for public use.

For the first quarter, there are no surplus vehicles to declare.

<b>Section 5: Capital and Maintenance Projects Managed by Public Works, Airports, and Golf</b>
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The first quarter status reports on capital and maintenance projects can be found in Attachment 3. This information is provided to keep the Board apprised of the status of various capital and maintenance projects managed by Public Works, Airports, and Golf.